

# The Present Condition and Tasks of Political Systems and Market Economies: Boundary Problems

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# THE PRESENT CONDITION AND TASKS OF POLITICAL SYSTEMS AND MARKET ECONOMIES: BOUNDARY PROBLEMS

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The worldwide spread of not only market economies but also of various kinds of social systems has brought with it a variety of problems to political systems, many of which are actually problems caused by the incongruence among the boundaries of given systems. I would like to call these "boundary problems."

At present these aren't solely limited to the 'borderlessness' of economies. The respective crossing of cultural and political boundaries as well intensifies respective mutual interrelations. In the past there existed many chances for people to cross boundaries and enter into exchanges such that with each boundary change came large and small social changes. However, the present situation, in terms of scale, scope and density, is unprecedented. Needless to say, this is due to technological innovation.

On the other hand, the nation state has constructed extremely strong political boundaries which it seemed were not easily shaken. For example, whether it be in terms of national language and education policies on the cultural level, monetary policy on the economic level, or the construction of state institutions of control and rule by law on the political level, each of these policies consolidates political boundaries.

It can be said that the strength of the political boundaries of the nation state was a reaction against the shaking and rebuilding which had taken place in heretofore political boundaries within societies. Thus, it is no exaggeration to even say that what the history of humankind illustrates is a cyclical process of this agitating, rebuilding and finally strengthening of newly constructed boundaries.

The Edo era policy of national isolation in Japan is a classic example of the effort to consolidate political boundaries. Although the Meiji government advocated a policy of opening Japan, it is needless to say that its aim was to erect political and economic boundaries anew. The conception of "Greater East Asia Co-Prosperty Sphere" reflected this ideology.

The American frontier policy as well was a policy of enlarging political boundaries. The society existing on the exterior of this frontier was taken as an object to

be eliminated while the interior of the frontier was seen as a community to be united. The ideology which supported this policy of enlarging boundaries was the “frontier spirit” and along with the acquiring of self-made economic prosperity it was legitimized as the activity of spreading the “gospel” of advanced civilization to underdeveloped areas.

The nation state has also promoted such a policy of enlarging its strong boundaries. This came to be known as imperialism. The consequence of this has been economic blocs. Here as well the forced congruence between political and economic boundaries was demanded. Furthermore, it is clear that the shift to a system of economic blocs lacking international cooperation precipitated the Second World War.

The nation state is today confronting the agitation of these boundaries. This agitation is brought about by the enlarging of economic boundaries which has resulted in the birth of economic boundaries uniting the world as one.

When compared to the economic exchanges within either camp during the Cold War, economic exchanges between the capitalist and socialist camps were insignificant. However, with the end of the Cold War and the shift of socialist economies to market economies the economic advance of capitalist nations into former socialist nations is eye-opening. A symbol of this is the appearance of McDonald's outlets in Moscow and Beijing. These represent not simply outlets but are systematic advances in ways of establishing new production and distribution systems.

The World Bank, IMF and other international economic institutions are serving as locomotives while economic activity that extends beyond boundaries is being developed. Here rule making is taking place that extends beyond national sovereignty. As well, economic models designed by developed nations are being imposed on developing nations as conditions for assistance, otherwise known as “shock therapy.” Regional economic cooperation is also agitating nation state boundaries. The EU is the most advanced form of this phenomenon. In this regard the point to watch will be whether or not this experiment puts an end to the history of the nation state. As well, there are also NAFTA, APEC and ASEAN to consider. The present is thus not an age in which economies can operate exclusively within single countries.

Moreover, as can be typically seen in environmental and human rights problems, an international standard for social activity is still on the drawing board. In this regard as well rule making activity is taking place which extends beyond national sovereignty.

Although the rule making in what may be described as “transnational” is making political boundaries ambiguous, as China, Malaysia and Singapore concrete-

ly show it has been also noted that firm positions have been taken on both the strengthening of political boundaries and on the maintaining of present boundaries. In each of these positions doubt as to the universality of Western rules and fear over political instability resulting from applying the corresponding rules is evident.

Nevertheless, "transnational" movements, or "political borderlessness" is proceeding further and further. As this happens, boundary problems will inevitably occur. Boundary problems may be thought of as conflicts which are brought about when there are incongruent applications of rules in politics, economics and other social activities.

In relation to the adjective "transnational" we may speak of boundary problems, many of which in fact result from doubts as to the legitimacy of present national boundaries. In many Asian countries national boundaries have been drawn by partitioning the areas inhabited by a given people.

The legitimacy of present national boundaries was established by the power relations among suzerain nations in colonial days and their victories and losses on the battlefield such that there are no other rational grounds for the legitimacy of boundaries other than those of "power" itself. Accordingly, as the balance of power changes the legitimacy of national boundaries is agitated. After the Second World War the governments of newly emerging nations just made independent had as their biggest pending issue nation building. Yet as the case of European states (Great Britain, to take one example) which had ample time to conduct nation building owing to their formidable military power shows, success is difficult. This is to say nothing to newly emerging nations whose power is weak and must depend on, for example, the military assistance of developed nations. We must also consider the various forms of interference which crosses over such artificially imposed boundaries. Therefore, nation building under present circumstances is difficult.

On the other hand, although the Cold War served the function of internally uniting "peoples", the Cold War itself was an obstacle, paradoxically, to "nation building." Dulles' Southeast Asia strategy of strictly protecting the national boundaries of certain capitalist nations served as a stimulus for uniting the multi-ethnic peoples within various Asian nations. However, since this process depended upon the colossal military power of the United States the sovereignty of the foreign policies of these nations was limited. It is an undeniable fact that the security policy of Japan has depended upon the US-Japan Security Treaty. The foreign policy of Japan has been a cog in the wheel of American international strategy and thus Japan's independence as a sovereign nation has been incomplete. In the area concerning the policies where foreign and domestic cannot be clearly separated, it also cannot be said that domestic policy has been independently made nor independently implemented by a Japanese sovereign state. The series of 'Red Purges' which began in

Japan in 1951 was a typical example, as was the policy of declaring the Communist parties in Southeast Asian countries to be illegal. It can be said that the Cold War brought about the decline of national sovereignty.

National boundaries, as a kind of political boundary, reduce the efficacy of unification, as does the borderlessness of economies noted above. Originally, capital was unrelated to the nationalistic zeal of being something "for the sake of the people." Today multinational companies are more and more causing the loss of a company's sense of nationality, or company identity. Thus even if a company does have some kind of identity, it is likely to be a form of symbolic ethnicity, as with overseas Chinese companies.

Developments in communications and transportation are extending beyond political boundaries and are causing the dissemination of all kinds of information. Internet is a typical example, but the number of users is still overwhelmingly small and as well its layers of use are limited. More importantly, the range of interstate agreements which allow for travel without visas has expanded and the area in which commercial or sight-seeing interchanges can freely take place has widened. It has thus for instance become difficult to control the number of people who enter countries on tourist visas actually seeking employment. Such people can exchange information while ignoring national boundaries and establish their own unique rules for an information system. More than this however, they can establish information system boundaries at their own convenience and fix their own rules.

Interchange in the areas of printed, audio and visual information is more and more laying waste to the idea of political control. Owing to the influx of this kind of information the transition among Eastern European nations to market economic systems is not unrelated to the relativist value standards held by the people of these nations. Furthermore, the economic system which was maintained in the former Soviet Union and Eastern Europe through COMECON is becoming integrated into the international economic system of the Western world, viz., the World Bank and IMF, through the introduction of the rules of Western economic systems and the abolishing of the COMECON system.

As the spread of problems like pollution and environmental devastation turns a blind eye to national boundaries the concluding of international agreements to tackle these problems becomes an urgent matter. Previous above ground nuclear tests conducted by China had brought radioactive waste via the jet stream to the Korean Peninsula and to Japan. There are also problems such as the polluting of the Antarctic Ocean, global warming caused by the mass consumption of fossil fuels, and ozone layer depletion caused by the mass consumption of fluorocarbon gases. The days when environmental devastation was purely a domestic affair have long past.

As the example of the Gulf War illustrates, anti-US demonstrations in the Islamic world exclusive of the Middle East have embarrassed such countries which have been officially pro-American. The religious world is still reeling and has paid absolutely no attention to political boundaries.

Such issues indicate that the significance of political boundaries has diminished. Furthermore, in contrast to the nation state which has explicit unitary boundaries, the areas of societies, regions, states and persons involved in the above issues do not have clear boundaries. Even though it has become more and more necessary to resolve and manage conflicts resulting from boundary incongruence, it is still not possible to envision a system which would resolve such conflicts. The major task of this symposium is to carefully examine the structure of these kinds of problems and to explore first steps by which to conceptualize such a conflict resolving system. The organization of such various problems is indicated below:

1) Rule making institutions, decision-makers, implementers and principles of rule legitimization

The following is a passage from Komesar's recent "Imperfect Alternatives":

"Most of us live in massive and complex societies in which the quality of life is dependent on decision-making process operating somewhere beyond the horizon. Amorphous markets determine what we can get and what we pay. Decisions made by faceless bureaucrats, distant legislatures, and isolated courts mold our opportunities."

"This book is about these decision-making processes. More particularly, it is about the way we choose to allocate authority to and among them. It is about deciding who decides."

Komesar, Neil K., *Imperfect Alternatives: Choosing Institutions in Law, Economics and Public Policy*, Chicago; The University of Chicago Press, 1994, p. 3.

Although this model has billed itself as a "participation centered approach," its purpose concerns, as indicated in the above expressions like "amorphous markets," "faceless bureaucrats," "distant legislatures," and "isolated courts," how to overcome the hollowing out of the right of suffrage provided for in the general electorate in democratic societies.

The awareness of this problem is related to the problem of implementing a system for various kinds of international rule making. The United Nations is a consortium of states whose representative authority is delegated by member states. Even though it does not have sufficient power to compel states its resolutions are binding



on given states and civic movements. Although we authorize official state representatives to act within the United Nations this activity is not something readily perceptible to us. For the average voter it is almost impossible to confirm whether or not his or her nation's representatives at the United Nations are taking action that clearly goes against domestic policies.

See Kawabe, Ichiro, *Kokuren to Nihon [The UN and Japan]*, 1995, Iwanami.

As Mr. Ichiro kawabe has shown, the activity of the Japanese government at the UN up to the present has, as far as anti-nuclear movements are concerned, followed the US government's position and has not been in accord with Japan's strict anti-nuclear policy laid out in the "Three Non-Nuclear Principles". Yet, at the same time this issue has not been the object of voter concern and information which could arouse such concern has not been brought out to the public.

As indicated above the World Bank, IMF, GATT and other international economic institutions have imposed economic rules on various countries and societies. Based on what kind of selective process or criteria do the people engaged in rule making and implementation in each respective institution take action? Through whom and through what process are their actions endowed with legitimacy?

Although the validity of rules for state power is insured by domestic rules, for international rules there is no authority to insure validity. In response to the 1992 Iraqi invasion and annexation of Kuwait the organizing of a multinational force led by the US in the Gulf War insured the validity of international rules. However, this case was an exceptional one.

Economic rules are frequently broken. Although America which professes a free trade system also imposes voluntary export restraints of Japan which violate that very same system, it had "no other choice" in order to protect national industries.

The limitations of national sovereignty invite nothing more nor less than the weakening of the power of nation states. The nation state's maintaining its strong political boundaries is unthinkable in the absence of formidable state power. The other side of the weakening of state power is the agitation of the nation state's political boundaries.

Our common sense perceptions are that when the power structure of a political system decentralizes the rather small political unit of power has its validity insured by a larger political unit of power.

How is the validity of political power insured with respect to international relations? During the Cold War this was done by the United States and Soviet

Union, however, the Soviet Union today no longer exists and America does not have the wherewithal to maintain the international system single-handedly. Expectations for the United Nations as well remain tepid. Although the unit of the nation state whose boundaries are being agitated still possesses the right to use its tremendous power, the task at hand remains how we may conceptualize a political unit of political power which is above that of the nation state.

## 2) The appropriateness of having Western culture as the foundation for rules

Western rules are required as part of the cultural foundation of the institutions which make and implement various kinds of international rules. However, can it really be said that there is no room to doubt the universality of Western culture? As we will discuss later in the cases of Africa, South American and Southeast Asia, is the attaching of political democratization and economic structural adjustments (toward capitalism) as conditions for economic assistance an appropriate set of rules? Such rules are not simply applied abstractly but are applied very concretely and leeway for variations in rule systemization is extremely small.

## 3) The rules of the strong and absence of a system to help the weak

When Western rules are imposed what happens? Most likely the friction between the traditional rules of developing countries and Western rules brings about social unrest. However, the problem more than anything else, lies in the rather easy infusing of capital from developed countries through the introducing of Western rules and in the corporate activity of developing countries which allows huge amounts of capital from developed countries to dominate their economic systems.

Imposing Western rules on developing countries *carte blanche* is extremely dangerous. The multitude of nations which make up the world are at different stages of economic development and face many kinds of political situations. Since developed countries can adjust political and economic rules over a long period their societies are given enough time to adapt to such rules (relatively speaking). However, at present developing countries do not have this luxury of time. Furthermore, if developed and developing countries compete based on the same rules it is evident that this will end in the one-sided victory of the former over the latter.

For example, if the rate of advancement to higher education in a given society is low there is the possibility that workers will face mass unemployment, there being no employment by firms from developed countries. Since developed countries have established an unemployment benefit system, high levels of unemployment most likely do not directly cause social unrest, but for developing countries which do not have such a system there is a possibility that high levels of unemployment will cause social instability.



Social unrest is not only the problem of a given country in question. Social unrest can spread like wildfire to neighboring countries and over time generate regional conflicts. Regional conflicts throw resource allocation and the market economies of the region into confusion and deal a considerable blow to international trade. Thus, the avoiding of such conflicts even for countries not directly involved becomes a practical policy matter. Therefore, it is necessary for developed countries which benefit from imposing Western rules on developing countries to carry the burden of administering a trans-national welfare policy.

#### 4) Boundary incongruence

The legitimacy of international rules cannot be adequately insured in a system where power is exercised by virtue of UN member country's acceptance of international rules. For example, not every UN member country has ratified the International Human Rights Treaty. Yet, this example is probably not appropriate since the International Human Rights Treaty is based on Western conceptions of human rights and it is a fact that there are cultures for which such conceptions are inappropriate. On the other hand, there are also member states who have not ratified the International Human Rights Treaty and in doing so have ignored the will of their own people who aspire for ratification.

Moreover, complex problems are created by the contradiction between the interests of the representatives of the people and representatives of special interests (a contradiction between international cooperation and the national interest). Using the example given earlier, economic blocs often protect the interests of various countries but as a result lead the economic world to ruin (the tragedy of common property).

#### 5) The application of dissimilar rules (validity and scope)

Dissimilar applications of rules can also cause complex problems. Rules which are supposed to cover the entire peoples of the globe (for example, it is recognized by most peoples that the US dollar is an international currency), in fact really cover only one portion of all the peoples. However, the application of a rule by a given group of people also differs according to the rule in question. This is the result of a reaction as to the feasibility of the substance of the rule and as stated in #3 above on whether or not there are countries which reject such rules. The environmental problem is a good case in point. Even though strict environmental regulations have already been developed and accepted by advanced societies which are leading in the development of environmental technologies, such rules or regulations would be difficult to accept for societies in the absence of similar social conditions. A nuclear test ban rule is another good example.

It is not only that for areas of social activity such as politics, economics, religion, and transportation, there exist rules which differ by society, but it must be noted that incongruencies in the applications of given rules also lead to friction.

6) Selection methods of rule makers

There is nothing as undemocratic as the way in which international rule makers select rules. In theory, rule makers should be politicians legitimately elected in various countries by democratic means. In practice, however, the bureaucrats of various countries are substantially charged with such duties, as is also the international bureaucracy who go by the name of "international civil servants."